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The immediate result of rate regulation is to limit the return upon investment, which tends to destroy the profit incentive leading to efficiency of management. This has been the subject of extensive discussion, and doubtless is a fundamental difficulty that raises doubt as to the desirability of rate restrictions. To meet this difficulty, also to give the company a share in the general prosperity of the community, the author urges that in addition to a fixed return upon investment, a percentage of gross receipts should be allowed, starting, say, with 15 per cent upon a gross income of \$10,000 a year, and grading down to 5 per cent upon a gross income of \$100,000,000. The objection to such an arrangement is that the percentage allowance would have no direct relation to management and would, therefore, serve only remotely as an incentive to efficiency. Personally, I believe that the desire for profit has been greatly exaggerated as a motive for efficiency in large industrial plants, but it doubtless is an important factor. In regulated enterprises, however, it ceases to a large extent to operate, and other forces must be relied upon and stimulated. While some sort of a bonus plan may be worth trying there are, in any event, grave difficulties of administration, so that the chances for success do not seem very great. Certainly there is no reason for giving a share either in gross or net earnings, if the indications are not clear that the return will serve as a direct stimulus to better enterprise.

JOHN BAUER.

Public Service Commission, New York City.

NEW BOOKS

ADAMS, H. C. *American railway accounting. A commentary.* (New York: Holt. 1918. Pp. x, 465. \$3.)

That the man who was in charge of the statistical and accounting work of the Interstate Commerce Commission from 1887 to 1911 and who played a part of inestimable value in the nation-wide symposium of 1907 to 1910, out of which American railway accounting emerged as a standardized system, should decide to publish a commentary on this subject is a source of much satisfaction to those who have long appreciated his work in the field of public service industries. In writing this book the purpose of the author has been to deal with the fundamental and more ultimately significant aspects of accounting entries and statements rather than to present a treatise on the practical management of a railway auditor's office. The book is divided into nine chapters and three appendices. Chapter one deals with the background and character of the task of the railway accountant. Chapter two considers the structure and classification of

a system of railway accounts. In chapters three and four are taken up respectively construction costs prior to operation and construction costs subsequent to operation and at this point is found a particularly interesting and valuable treatment of many mooted accounting problems. Among some of the more important questions for which the accepted accounting rules are explained are: whether cost measures investment, the basis of construction charges, interest and discount, depreciation during construction, treatment of renewals at increased prices, treatment of renewals by substitution of improved types, and abandoned property. The remaining five chapters are concerned with, in the order given, operating expenses, operating revenues, the income account, profit and loss accounts, and general balance sheet accounts. The three appendices consist of reprints of the rules promulgated by the Interstate Commerce Commission for the classification of investments in road and equipment; classification of operating revenues and operating expenses; and classification of income, profit and loss and balance sheet accounts. These classifications have been inserted primarily for the benefit of those in foreign lands who desire to learn what this country is doing as a help to the solution of their local problems.

Some may be disposed to criticise the book for not including within its scope a fairly complete treatise on the controversial side of accounts. Others may feel somewhat disappointed that the author did not see fit to indulge in reminiscences relative to the development of the present system, a matter which certainly called for unusual tact and personality in harmonizing the various interests that co-operated in constructing a uniform system of accounts. These possible slight criticisms are well answered by the author as follows: "It was my original purpose to write a book under the title *Railway Accounts; Their Abuses and Their Uses*. This purpose was modified because such a treatment of the subject would have been unduly controversial. . . . The controversial side of railway accounts carries with it too many independent interests to be covered by a book the chief aim of which is to explain accepted accounting rules, and by so doing to make clear what is meant by a scientific system of accounts."

MARTIN J. SHUGRUE.

ASPLEY, J. C. *What a salesman should know about advertising.* Pocket edition. (Chicago: Dartnell Corp. 1919. Pp. 112.)

BARTHOLOMEW, W. E. *Bookkeeping exercises.* (New York: Gregg Pub. Co. 1919.)

BASSET, W. R. *Accounting as an aid to business profits.* (New York: A. W. Shaw Co. 1918. Pp. xi, 316. \$5.)

This volume can best be explained by quoting a few sentences typical of its nature: "This book is not a treatise on accounting but is what the title connotes—an explanation of accounting and cost accounting for the business man and to the end that he may use his records to earn greater profits" (p. iii). "Some reader may find

that his particular variety of endeavor has not been touched upon by name, and may instantly exclaim, 'This is of no use to me, my business is different'" (p. iii). "Let me say that your business . . . is not different. . . . I can confidently assert that were it possible to include examples and forms in this volume to cover every possible variety of business, that this book would then be of no more use to you than it now is" (p. iv). "The statement of condition answered the question of the business man, 'Where am I at?' The statement of operation is the reply to 'How did I get there?'" (p. 200). "I have given no fixed principles, but examples instead —only to prevent the reader from imagining that one method might fit all cases" (p. 231).

S. E. H.

CASTENHOLTZ, W. B. *Auditing procedure*. (Chicago: LaSalle Extension Univ. 1918. Pp. ix, 342.)

The author states that the essential message of his book is to outline methods and procedure of actual practice. He offers a guide to the student and beginning practitioner. After describing very briefly the various kinds of audits and examinations he devotes more than one third of the book to discussing individually the different balance sheet accounts. And, though within this scope it is impossible to delve deeply into many of the accounting problems necessarily involved, the explanations of methods to be followed are definite and concrete. The author takes up next the audit of income accounts, expense accounts, the analysis of accounts, and the mechanical or detail side of an audit. He devotes about a third of the book to the audit of special business types and deals specifically with public service companies, railroads, electric roads, telephone companies, electric light and power companies, gas companies, water companies, financial institutions, insurance companies, publishers, timber companies, breweries, mines, department stores, textile mills —some twenty-eight types in all. Necessarily, many of these are treated in a very sketchy manner; nevertheless much useful information has been made available. The last part of the book takes up the auditor's report, working papers, and other general considerations.

M. J. S.

COFFIN, J. E. *Interest tables*. New liberty bond circulation edition. (Philadelphia: Winston. 1919. \$1.)

COLE, C. S. *Cattle loans and their value to investors*. Separate from the Yearbook of the Department of Agriculture, 1918, no. 764. (Washington: Supt. Docs. 1919. Pp. 10.)

CRAIG, W. L. *Sterling decimal coinage*. (Maryport, Eng.: The author. 1918. Pp. 47.)

DENHAM, R. S. *The A-B-C of cost engineering*. (Cleveland: Denham Cost-Finding Co. 1919. Pp. 19. \$1.)

DERRICK, P. E. *How to reduce selling costs.* (Garden City: Doubleday, Page. 1919. Pp. xix, 230.)

ELBOURNE, E. T. *Factory administration and accounts.* New edition. (New York: Longmans. 1919. Pp. xxiv, 672. \$15.)

FAIRCHILD, C. B., JR. *Training for the electric railway business.* (Philadelphia: Lippincott. 1919. Pp. 154. \$1.50.)

GALLOWAY, L. *Office management: its principles and practice.* (New York: Ronald. 1918. Pp. 701. \$6.)

This book is one of the best that has been published on the subject of the organization and administration of a modern business office. The chapters are grouped under seven principal divisions as follows: principles of office administration; location, layout, and equipment; methodizing means of communication; control of correspondence and other activities; the work of the business departments; the training and development of office workers; wages and incentives to efficiency. Written in an inspiring manner, this work should recommend itself as a valuable addition to the library of the student or business executive.

M. J. S.

GARRISON, E. E. *Accounting every business man should know.* (Garden City: Doubleday, Page. 1919. Pp. x, 214.)

JARVIS, W. H. *Railway stores methods and problems.* (London: Railway Gazette. 1918. Pp. 115. 4s.)

LILLY, W. *Individual and corporation mortgages.* (New York: Investment Bankers Association of America. 1918. Pp. 153.)

A brief and clear statement of the legal incidents of a mortgage. Part I deals with the individual mortgage and part II with the corporation mortgage.

MARSHALL, A. *Industry and trade: a study of industrial technique and business organizations; and of their influences on the conditions of various classes and nations.* (London: Macmillan. 1919.)

MARTIN, H. S. *The New York stock exchange.* (New York: F. E. Fitch, 47 Broad St. 1919. Pp. 277. \$1.)

MAY, I. A. *Street railway accounting. A manual of operating practice for electric railways.* (New York: Ronald. 1919. \$5.)

PICKERING, J. C. *Cost keeping for small metal mines.* (Washington: Bureau of Mines. 1919. Pp. 45.)

PIERSON, L. E. *Business problems of reconstruction.* (New York: Irving National Bank. 1919. Pp. 23.)

PIXLEY, F. W. *Auditors; their duties and responsibilities under the companies acts, partnership acts and acts relating to executors and trustees, and to private audits.* Eleventh edition. (New York: Pitman. 1919. Pp. 732.)

SCHULZE, J. W. *Office administration.* (New York: McGraw-Hill. 1919. Pp. xiii, 295.)

The subject-matter of this book is the presentation of the principles and methods which underlie efficient and economical office management. The author has wisely confined his treatise to a discussion of general methods, illustrating them with a few well chosen charts and diagrams instead of filling the book with a mass of forms and descriptions. Among the more important topics considered are: selecting office workers, training of office employees, establishing routine processes, office layout, standardizing, incentives, filing systems, and business correspondence.

M. J. S.

SPEARE, J. W. *Protecting the nation's money.* (Rochester, N. Y.: Todd Protectograph Co. 1918. Pp. 55. 75c.)

THOMAS, A. G. *Principles of government purchasing.* (New York: Appleton. 1919. Pp. xiii, 275. \$2.25.)

THORNE, W. V. S. *Hospital accounting and statistics.* (New York: Dutton. 1919. Pp. 119.)

TIPPER, HOTCHKISS, HOLLINGSWORTH, and PARSONS. *Advertising: its principles and practice.* (New York: Ronald. 1919. Pp. xv, 579. \$6.)

First edition was published in 1915. "Three years of actual test in the classroom and office have not led to any changes in the plan of the book or in the fundamental principles it presents." Contains additions and amplifications. There are six parts: I, The economic factors in advertising; II, The psychological factors in advertising; III, Advertising copy; IV, Advertising display; V, The physical factors in advertising; VI, Planning the campaign.

WILLIAMS, S. B. *Cutting central station costs.* (New York: McGraw-Hill. 1919. Pp. 322. \$2.)

Advanced course in electric utility accounting. (Chicago: National Electric Light Association. 1917-1919.)

Buildings, equipment, and supplies. (Chicago: Shaw. 1919. Pp. xviii, 193.)

Constitution of the New York stock exchange and resolutions adopted by the governing committee; with amendments to January, 1918. (New York: Searing & Moore Co., 24 Beaver St. 1918. Pp. 80.)

Economy in retail service. Experience of stores in which readjustments to war conditions have been made. (Washington: Commercial Economy Board of the Council of National Defense. 1918. Pp. 44.)

High yield tables of bond values, showing net returns from 6 to 15 per cent on bond and other redeemable securities paying interest semi-annually at the rates per annum of 4, 4 1-2, 5, 5 1-2, 6, 6 1-2, 7, 7 1-2, and 8 per cent, maturing in periods from 6 months to 30

years, compiled according to formula of Montgomery Rollins. (London: Routledge; Boston: Financial Pub. Co. 1919. Pp. 161.)

Management and executive control. (Chicago: Shaw. Pp. xviii, 328.)

Management. A selected list of books in the St. Paul public library. (St. Paul, Minn: Public Library. 1919. Pp. 11.)

Prices of Brazilian government bonds during the last fifty years. (New York: Imbrie & Co. 1919.)

Proceedings of the seventh annual convention of the Investment Bankers Association of America, held December 9, 10, 11, 1918. (Chicago: 111 West Monroe St. 1918. Pp. 299.)

Contains reports of the several committees, including those on railroad securities (pp. 30-37); fraudulent advertising (pp. 62-72); irrigation securities (pp. 78-80); public service securities (pp. 118-136); government bonds (pp. 177-181). It also contains an address on the relations of the public and investors in utility enterprises, by Travis H. Whitney of the Public Service Commission, New York.

Short-term bond yield charts. Seven blueprints. (New York: Guaranty Trust Co. 1918.)

Uniform cost accounting system. (Seattle, Wash.: West Coast Lumbermen's Association. 1919. Pp. 214. \$25.)

United States War Industries Board. An outline of the board's origin, functions, and organization. Compiled as of November 10, 1918. (Washington: Supt. Docs. 1918. Pp. 52.)

War emergency courses in employment management. (Washington: Supt. Docs. 1919. Pp. 8.)

Labor and Labor Organizations

The Arbitral Determination of Railway Wages. By J. NOBLE STOCKETT, JR. Hart Schaffner and Marx Prize Essays, No. XXXVI. (Boston: Houghton Mifflin Company. 1918. Pp. xxv, 198. \$1.50.)

The clear analysis and excellent style of this little volume must always make it a matter of extreme regret that its author did not live long enough to make additional contributions to the literature of his chosen subject. He died in September, 1916, just after the award of his doctor's degree and his entrance upon academic duties at Dartmouth College.

Four general principles used in fixing wages for railway employees by government arbitration tribunals in the United States and Canada in connection with their hearing and determination of industrial disputes are reviewed in this volume. It must not be understood that the arbitration boards have always been guided